

Medicaid and CHIP in the Commonwealth of the Northern Mariana Islands

The Commonwealth of the Northern Mariana Islands became a U.S. territory in 1978 and began participating in Medicaid in 1979 (CMS 2016a). The Medicaid program is administered by the Office of the Governor after moving from the Department of Public Health in 2012 (CMS 2012c).

For the purposes of Medicaid and the State Children's Health Insurance Program (CHIP), the Northern Mariana Islands are considered a state unless otherwise indicated (§ 1101(a)(1) of the Social Security Act (the Act)). However, they have a Section 1902(j) waiver, which allows their Medicaid and CHIP programs to operate differently than programs in the states and the District of Columbia (§ 1902(j) of the Act).¹ Under this waiver, the Secretary of the U.S. Department of Health and Human Services may waive or modify any Medicaid requirement except for the statutory annual limit on federal Medicaid funding, the [federal medical assistance percentage \(FMAP\)](#), and the requirement that payment can only be for services otherwise coverable by Medicaid (§ 1902(j) of the Act).

This fact sheet summarizes the main requirements and design features of the Northern Mariana Islands' Medicaid and CHIP programs, including eligibility and enrollment, benefits, financing and spending, data and reporting, and quality and program integrity.

Eligibility and Enrollment

Eligibility for Medicaid in the Northern Mariana Islands is tied to income and resource requirements for Supplemental Security Income (SSI).² Individuals receiving SSI cash benefits are automatically eligible for Medicaid. Medicaid additionally covers individuals who meet up to 150 percent of the income and resource requirements for SSI but who are not necessarily disabled (CMS 2016a). After exemptions and deductions are applied, this translates to a monthly income of \$1,735.5 and assets of \$4,500 for a couple (SSA 2018). The commonwealth allows a medically needy spend down for residents whose income is in excess of the established limits (CMS 2017).³

The Northern Mariana Islands use CHIP funds as an additional source of funding for children in Medicaid, but do not offer coverage to children whose incomes are above the threshold for Medicaid eligibility (CMS 2016a).

As of September 2017, 15,472 people were enrolled in Medicaid, or approximately one-third of the Northern Mariana Islands population (CMS 2018a).



Benefits

Under their 1902(j) waiver, the Northern Mariana Islands are exempt from providing mandatory services under Medicaid. However, they cover all [mandatory Medicaid benefits](#) except for freestanding birth center services, as there are no such facilities in the Northern Mariana Islands (GAO 2016, CMS 2012a). In addition, the Northern Mariana Islands cover many [optional benefits](#) such as outpatient prescription drugs and dental services (GAO 2016). Enrollees may obtain Medicaid-covered services outside of the territory in certain circumstances, including for laboratory, X-ray, or inpatient or outpatient hospital services with prior authorization, when medically necessary, and when services are not available in the Northern Mariana Islands (CMS 2013a).

Medicaid enrollees face no cost-sharing requirements (CMS 2016a, 2012b).

Delivery system

The Medicaid program is entirely fee for service. Most of the health care services in the Northern Mariana Islands are provided at the Commonwealth Health Center, a territory-owned hospital on the island of Saipan operated by the Northern Mariana Islands Department of Public Health (CMS 2016a).

Benefits for dually eligible beneficiaries

The Northern Mariana Islands provide cost-sharing assistance to dually eligible individuals who are eligible for full Medicaid benefits. They do not provide Medicare cost-sharing assistance to individuals who may qualify as partial dually eligible individuals through Medicare Savings Programs in the states because these programs are not available in the Northern Mariana Islands (CMS 2013a).⁴ Medicaid covers Medicare Part B premiums for individuals dually eligible for Medicare and full Medicaid benefits (CMS 2016d).

No Medicare Part D plans are available in the Northern Mariana Islands, but dually eligible individuals can receive subsidies under the Enhanced Allotment Plan, also referred to as 1935(e) funding (CMS 2016a). The Enhanced Allotment Plan provides additional allotments to territories to help low-income beneficiaries purchase prescription drugs.⁵ The allotment is not countable toward the ceiling on federal financial participation and can only be used for this purpose (§ 1935(e) of the Act) and CMS 2016a).

Financing and Spending

The federal government and the territorial government jointly finance the Northern Mariana Islands Medicaid program. The Northern Mariana Islands must contribute the non-federal share of Medicaid spending in order to access federal dollars, which are matched at the designated FMAP, otherwise known as the matching rate. Unlike the states, for which federal Medicaid spending is open ended, the Northern Mariana Islands can access federal dollars only up to an annual ceiling. The ceiling and matching rate are described in more detail below.



Federal funding

Federal Medicaid funding to the Northern Mariana Islands is subject to an annual funding ceiling specified in statute, which grows with the medical component of the Consumer Price Index for All Urban Consumers (CPI-U) (§ 1108(g)). The Northern Mariana Islands' CHIP allotment is determined by the Centers for Medicare & Medicaid Services (CMS) based on prior year spending, the same methodology used for states. In fiscal year (FY) 2017, federal funding was \$6.3 million for Medicaid and \$6.7 million for CHIP (Table 1).

In general, once the Northern Mariana Islands exhaust the federal Medicaid and CHIP ceilings, they must fund the program with local funds. However, Section 2005 of the Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended) provided the territories with a total of \$6.3 billion in additional federal funds for their Medicaid programs. Section 2005 funds for the Northern Mariana Islands totaled \$100.1 million, which is available to be drawn down between July 2011 and September 2019. Section 1323 provided an additional \$1 billion to the territories, \$9.1 million of which was directed to the Northern Mariana Islands.⁶ These funds are available to be drawn down between January 2014 and December 2019. The Northern Mariana Islands must contribute a non-federal share to access these funds (CMS 2016a). Once these funds expire or are exhausted, the Northern Mariana Islands generally will not be able to spend federal dollars beyond the ceiling for Medicaid, which is approximately \$6.8 million in FY 2019.^{7,8}

Federal medical assistance percentage

The FMAP for the Northern Mariana Islands and the other territories is set statutorily at 55 percent, unlike that of the states, which are set using a formula based on states' per capita incomes (§ 1905(b) of the Act). The CHIP enhanced FMAP is 91.5 percent (§ 2101(a) of the ACA, MACPAC 2018a). Like the states and other territories, the Northern Mariana Islands' federal matching rate for almost all program administration is set at 50 percent (§ 1903(a)(7) of the Act).

The territories cannot claim the newly eligible FMAP of 100 percent available to states expanding to the new adult group; they are eligible for the expansion state enhanced FMAP for adults without dependent children that states were eligible to receive for expansions prior to the ACA, which is 93 percent in calendar year (CY) 2019 (§ 1905(z)(2) of the Act). However, the Northern Mariana Islands had not claimed expenditures under this FMAP as of July 2018 (CMS 2018b). In addition, the Northern Mariana Islands received a 2.2 percentage point temporary increase in their regular FMAP between January 1, 2014 and December 31, 2015 (§ 1905(z)(1) of the Act) (CMS 2016a).

Non-federal share

The Northern Mariana Islands finance their share of Medicaid and CHIP program costs using a mix of [certified public expenditures](#) and general fund revenues, depending on the type and location of service. The major hospital where almost all health care services are provided is owned by the territory, and most of the expenses incurred there for services provided are certified public expenditures (CMS 2016c).



Total spending

In FY 2017, federal Medicaid spending in the Northern Mariana Islands was \$17 million, or less than 1 percent of total federal Medicaid spending in the territories. Federal CHIP funding totaled \$9.6 million, or 4 percent of total federal CHIP spending in the territories (Table 1).

TABLE 1. Medicaid and CHIP Funding and Spending in the Northern Mariana Islands FYs 2011–2017, by Source of Funds (millions)

Year	Medicaid				CHIP			
	Federal ceiling	Federal spending	Northern Mariana Islands spending	Total spending	Federal allotment	Federal spending	Northern Mariana Islands spending	Total spending
FY 2017	\$6.3	\$17.0	\$13.4	\$30.4	\$6.7	\$9.6	\$0.7	\$10.3
FY 2016	\$6.1	\$20.6	\$16.0	\$36.6	\$1.0	\$6.4	\$0.6	\$6.4
FY 2015	6.0	16.2	12.2	28.4	1.2	0.9	0.3	1.2
FY 2014	5.9	19.7	15.7	35.4	1.0	1.0	0.4	1.4
FY 2013	5.6	16.4	13.4	29.8	0.9	0.9	0.4	1.3
FY 2012	5.5	13.8	11.3	25.1	0.9	0.9	0.4	1.3
FY 2011	6.5	14.3	12.6	26.9	0.9	0.9	0.4	1.3

Notes: FY is fiscal year. Federal Medicaid ceilings reflect the annual ceilings for federal funds that territories receive under Section 1108(g) of the Social Security Act, while the actual federal spending reflects utilization of the additional allotments provided by the ACA, as well as spending not subject to the ceiling on federal financial participation. Federal CHIP allotments are provided under Section 2104 of the Social Security Act. If states and territories exhaust their own available CHIP allotments, they may receive additional funding from unused state CHIP allotments. The Northern Mariana Islands received these redistributed funds in FYs 2016 and 2017.

Source: MACPAC 2018b; MACPAC 2018 analysis of CMS-64 financial management report net expenditure data and CMS regional office narrative reports for FYs 2011–2018.

In FYs 2011–2017, federal spending for Medicaid in the Northern Mariana Islands exceeded the annual funding ceiling. This spending reflects use of the additional funds available under Sections 2005 and 1323 of the ACA. MACPAC has estimated that the territory will exhaust these funds as soon as March 2019, depending on actual spending in FY 2019.⁹



Data and Reporting

The Northern Mariana Islands are exempt from all Medicaid data and reporting requirements through their 1902(j) waiver. However, they do report data on Medicaid and CHIP enrollment, budgets, and expenditures using Form CMS-37, and on aggregate and category-specific spending using Form CMS-64 (CMS 2016c).

Like the other territories, the Northern Mariana Islands do not submit quarterly statistical and program expenditure data for CHIP. They also do not submit data on the use of early and periodic screening, diagnostic, and treatment services via Form CMS-416 or data on upper payment limit payments (CMS 2016b). Additionally, they have not yet set up a Medicaid Management Information System (MMIS) for claims processing (CMS 2016c).

Quality and Program Integrity

The Northern Mariana Islands are exempt from federal quality and program integrity requirements. However, they do have some program integrity measures in place, including requiring providers to enroll, submit appropriate documentation, and agree to comply with program rules (Commonwealth of the Northern Mariana Islands State Medicaid Agency 2016).

Endnotes

¹ The Section 1902(j) waiver is only available to American Samoa and the Commonwealth of the Northern Mariana Islands.

² The Commonwealth of the Northern Mariana Islands is the only U.S. territory to participate in the SSI program.

³ Under the medically needy eligibility pathway, people with disabilities who have higher incomes can spend down to a state-specified medically needy income level by incurring medical expenses. In the Northern Mariana Islands, the medically needy level spend-down amount is the amount by which income exceeds the normal established limit (CMS 2017).

⁴ Unlike the states, the Northern Mariana Islands are not required to establish Medicare Savings Programs under the 1902(j) waiver or under Section 1905(p)(4)(A) of the Act.

⁵ Like the other territories, the Northern Mariana Islands are not eligible for the Medicare Part D low-income subsidy (§ 1935(e)(1)(A) of the Act).

⁶ With the funds from Section 1323, territories could choose to establish a health insurance exchange or supplement their available federal Medicaid funds. Neither the Northern Mariana Islands nor the other territories chose to establish an exchange.

⁷ The FY 2019 Section 1108 cap is estimated by trending the FY 2018 cap (\$6.56 million) by the increase in the medical care component of the Consumer Price Index for the 12-month period ending March 2018.

⁸ Federal funds for the Enhanced Allotment Plan, electronic health record incentive program payments, and the establishment and operation of eligibility systems and Medicaid Management Information Systems (MMIS) do not apply toward the ceiling.



⁹ For more details, see *When Will the U.S. Territories Exhaust Federal Medicaid Funding?* (Forthcoming.)

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